(c) whether SFIO has been conferred statutory status;

(d) if so, the details thereof;

(e) if not, the reasons therefor;

(f) number of cases investigated by SFIO during last three years, year-wise;

(g) number of instances where investigation led to prosecution and conviction respectively;

(h) whether Government is contemplating to strengthen the institution of SFIO; and

(i) if so, the probable road-map thereof?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) The Serious Fraud Investigation Office (SFIO) was set up in the year 2003 to investigate corporate frauds characterized by (i) complexity and having inter-departmental and multi-disciplinary ramification; (ii) substantial involvement of public interest to be judged by size, either in terms of monetary misappropriation, or in terms of persons affected; and (iii) the possibility of investigations leading to or continuity towards a clear improvement in systems, laws or procedures.

(b) SFIO is a multi-disciplinary investigating agency wherein experts from the banking sector, capital market, company law, law, forensic audit, taxation, information technology, etc. work together to investigate cases of serious corporate fraud. The SFIO carries out investigation under the provisions of Sec. 235 to 247 of the Companies Act, 1956. The constitution of SFIO continues as envisaged at its inception though its strength in terms of personnel has been enhanced from time to time.

(c) to (e) No statutory status has been conferred on the SFIO so far. However, inspectors drawn from SFIO and entrusted any investigation under the Companies Act, 1956 can exercise the powers specifically provided for investigations under the Companies Act, 1956. The Ministry has also set up Vepa Kamesan Committee to examine various issues relating to SFIO.

(f) The SFIO has investigated 29 cases during the last 3 years, *i.e.*, during the years 2005-06, 2006-07 and 2007-08.

(g) Till 31.12.2008, 756 prosecutions have been filed in different courts against the persons involved in fraudulent activities in respect of 30 companies.

(h) and (i) Government has constituted Vepa Kamesam Committee to look into various issues relating to the SFIO. In addition, necessary personnel and administrative support is provided to the SFIO from time to time depending upon need. Such strengthening along with appropriate capacity building would continue as warranted.

Fudging of profit by IT firm

155. SHRI N.K.SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that the country's fourth biggest IT firm has revealed that the company's revenues and profits had systematically been fudged for years;

(b) whether the revelation has put the firm in jeopardy and India's growth story at risk;

(c) the amount involved in the fudging exercise; and

(d) the action taken by Government in the matter?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) Shri B. Ramalinga Raju, the former Chairman of M/s Satyam Computer Services Ltd. (the Company) the fourth largest IT company in the country, made a statement on 7.1.2009 about the falsification of accounts and the financial statements of the Company for the last many years. In this statement, Shri Raju, *inter-alia,* declared that cash and bank balances of the company and its receivables were over-stated, some of its liabilities under-stated/ not reflected in the books of accounts, etc.

(b) While the revelation by Shri Raju placed the continuity of the operations of the Company and the fate of its employees at risk, the events relating to M/s Satyam Computer Services Ltd are an aberration and cannot be generalized. India's corporate sector in general and the IT sector in particular continue to retain the confidence of their stakeholders, customers and clients in India and abroad. Consequently, India's growth story has not been put at risk due to the incidents in this particular company.

(c) As per the statement made by Shri B Ramalinga Raju, the financial statements of the Company contained mis-statements relating to an amount of about Rs. 7100 cr.

(d) Immediately after the statement of Shri Ramalinga Raju made on 7.1.2009 came to light, the Government took all possible steps to ensure the continuity of the operations of the company. The existing Board of Directors of the Company was suspended and new Directors appointed by the Government after approval of the Company Law Board on a petition moved by the Government. The new Board of the Company is already in position and is addressing to all matters necessary to enable continued operations of the company.

The Government has also ordered investigation into the affairs of Satyam under Section 235 of the Companies Act, 1956 through the Inspectors drawn from the office of Serious Fraud Investigation Office to ascertain the nature and extent of fraud in the Company and the persons involved, and take appropriate action under the law of the land.

Diversion of salaries of staff of Satyam Computer Services

156. SHRI AMAR SINGH: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether it is a fact that the promoters of Satyam Computer Services diverted salaries of 13000 non-existent Satyam staff to his family accounts;

(b) if so, the details thereof including the total amount diverted as such and since when;

(c) whether Company Audit was done during that period of such huge diversion of funds; and

(d) if so, what action is being taken against the Auditor?

THE MINISTER OF CORPORATE AFFAIRS (SHRI PREM CHAND GUPTA): (a) and (b) There is no confirmation available with this Ministry, as on date, as to the non-existence of 13000 staff in the Satyam Computer Services Ltd. and the diversion of salaries of such numbers of staff to the family accounts of the promoters of Satyam.